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Decision 01-06-087 June 28, 2001

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into the Operation of Interruptible Load Programs Offered by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and the Effect of these Programs on Energy Prices, Other Demand Responsiveness Programs, and the Reliability of the Electric System.	Rulemaking 00-10-002 (Filed October 5, 2000)

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ORDER MODIFYING THE INTERRUPTIBLE AND OPTIONAL BINDING MANDATORY CURTAILMENT PROGRAMS AUTHORIZED IN DECISION 01-04-006

A. Summary

The Interruptible and Optional Binding Mandatory Curtailment (OBMC) programs set forth in Decision (D.) 01-04-006 and as modified by D.01-05-090 are further modified to allow circuit aggregation, uniformly apply the calculation of excess energy and determination of compliance for required load reductions, and flexibility in the 10-day baseline measurement. A report on the operation of the OBMC program through September 30, 2001 shall be filed by the respondent utilities on December 1, 2001.

B. Background

D.01-04-006, issued on April 3, 2001, adopted changes to Respondent Utilities Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company's (SDG&E) interruptible and OBMC programs. That decision also provided for a broad range of short-term and mid-term tools to help California get through the challenges of the immediate future, while additional steps are taken elsewhere to implement a more comprehensive response to the energy situation that California now faces.

D.01-05-090, issued on May 25, 2001, modified the OBMC program to permit OBMC participants to participate in a utility operated capacity interruptible program as long as that program requires the reduction of load to a pre-established firm service level. The OBMC program is an alternative to rotating outages designed to achieve the same load reductions, at times of system emergencies, as rotating outages. This option offers reduced economic challenge to some customers, while achieving the same firm load reductions.

With the receipt of requests from some parties to consider further modification to the existing interruptible and OBMC programs, a workshop was scheduled for June 18, 2001, pursuant to a June 7, 2001 Presiding Officer and Assigned Commissioner Ruling. This workshop was scheduled to provide an efficient vehicle for parties to explore and develop limited modifications within the current interruptible program framework to existing interruptible and OBMC programs.

The Presiding Officer encouraged workshop participants to file and serve a petition for modification (petition) of D.01-04-006 on any and all proposals that may be developed in the workshop. Responses to any such petitions were to be filed and served within five days of the date the petition is filed so that these limited modifications could be addressed prior to the start of the summer of 2001. Subsequently, by a June 20, 2001 Administrative Law Judge Ruling, the response time to any petition seeking a modification of the interruptible and OBMC programs was reduced from five to two days so that any such petition could be considered at the Commission’s June 28, 2001 meeting.

C. Petition to Intervene

Wolfsen, Inc. (Wolfsen), a workshop participant, filed a June 19, 2001 petition to intervene and to become a party in this proceeding for the limited purpose of filing a petition to modify the OBMC program, as provided for by the Presiding Officer and Assigned Commissioner’s June 7, 2001 Ruling. Wolfsen believes that its participation in the OBMC program, with the option it proposes, will advance the reliability of California’s electric system in the near term. Wolfsen does not believe that its limited participation in this proceeding, if granted, will cause any broadening of the issues already raised in this proceeding. There is no filed objection to Wolfsen's petition to intervene.

We grant Wolfsen's petition to intervene and to become a party in this proceeding for the limited purpose of filing a petition to modify the OBMC program.

D. Petitions for Modification

This order addresses petitions seeking limited modifications to the interruptible and OBMC programs filed by Wolfsen on June 19, 2001; jointly by the California Industrial Users and the California Large Energy Consumers Association (CIU & CLECA) on June 21, 2001; and jointly by SCE, PG&E, and SDG&E on June 21, 2001.

Eight responses to the petitions were filed. SCE and PG&E filed separate responses to the petition of Wolfsen. The California Steel Industries, Inc., the Wine Institute, and (CSI) and CIU filed separate responses to the joint petition of SCE, PG&E, and SDG&E. The California League of Food Processors filed a response to the petitions of CIU and CLECA, and to the joint petition of SCE, PG&E, and SDG&E. The Office of Ratepayer Advocates filed a response to the petitions of Wolfsen, CIU and CLECA, and the joint petition of SCE, PG&E, and SDG&E. The University of California and California State University (UC / CSU) filed a response to the petitions of CIU and CLECA.

The petitions before us are similar in that each petition seeks limited modifications to the interruptible and OBMC programs. Pursuant to Rule 47(h) of the Commission's Rules of Practice and Procedure, the Commission may modify the decision as requested, modify the affected portion of the decision in some other way consistent with the requested modification, summarily deny the petition on the ground that the Commission is not persuaded to modify the decision, or take other appropriate action.

1. Wolfsen Petition

Wolfsen seeks to modify the OBMC program to expressly allow electric utility customers the opportunity to participate in the OBMC program whose facilities are served by more than one circuit to aggregate the load of all such circuits for purposes of the OBMC program, subject to reasonable limitations.

a. Proposal

Wolfsen believes that it and other customers can offer the electric system considerable additional load reductions if circuit aggregation is allowed for the OBMC program. Wolfsen explains that, in its specific instance, it has two adjacent plants constructed at different times that, for reliability reasons, are served by two different electric circuits. When the plants are in operation, reliable electric service to both plants is critical due to the need to process large volumes of perishable tomatoes in a relative short period. Although Wolfsen does not have the ability to drop substantial amounts of demand at one of its plants, it does have the ability to meet the required 15% demand reduction for the total demand on both of the circuits serving the adjacent plants. This is true even though Wolfsen shares the circuits with other customers.

Wolfsen identified the following clarifications and suggestions for implementing its circuit aggregation proposal.

1. A single customer (with a single tax identification number) must be the lead customer for purposes of the OBMC program for all circuits involved in the circuit aggregation.

2. The customer must have the ability to provide the necessary load reduction in each local geographic area covered by the aggregation.
3. The utility may impose reasonable megawatt (MW) caps, such as 100MW, on program participation.
4. A limited number of circuits, such as 15 circuits, that a single customer could aggregate under this option.
5. A sentence added at the end of Section 2.4.6 of the OBMC program to state, "In addition, UDCs shall allow individual customers whose facilities are served by more than one circuit to aggregate the load of all such circuits for purposes of the OBMC programs, subject to reasonable limitations."

b. Responses

Individual responses to the circuit aggregation proposal were filed by PG&E and SCE. PG&E is generally supportive of the Wolfsen petition to allow participants in the OBMC program to aggregate circuits because two circuits close to one another does not pose any issues regarding geographical load drop requirements or administrative and tracking problems. However, PG&E does not believe that sufficient information was provided at the workshop to determine whether more than two circuits and up to 15 circuits would not pose administrative and tracking problems or a "free rider" problem.

PG&E identified a free rider as a customer that would have participated with the same load drop on just one circuit absent aggregation. PG&E contends that circuit aggregation under OBMC only makes sense if it captures more load drop than if circuit aggregation is not allowed.

PG&E concludes that the aggregation of circuits should be limited to two circuits in the same geographic area at this time to guard against the potential for the free-ride problem. However, PG&E does support the holding of an additional workshop to address designing a more complex OBMC circuit aggregation program for the summer of 2002.

SCE agrees in principle that if an OBMC plan as outlined by Wolfsen is feasible, a single OBMC lead customer should be permitted to aggregate loads between circuits. However, SCE does not believe that the aggregation of circuits should be extended to as many as 15 circuits because of administrative and free-rider concerns discussed in PG&E's response.

c. Discussion

No party disputes that the Wolfsen proposal of allowing individual customers (a lead customer) whose facilities are served by more than one circuit to aggregate the load of all such circuits will help provide the maximum of critically needed reductions in electric demand during the coming summer. We concur. Lead customers whose facilities are served by more than one circuit should be afforded the opportunity to aggregate the load of its circuits for purposes of the OBMC program, provided the customer's binding energy and load curtailment plan demonstrates the customer's ability to provide the required load reductions based on the total load of all of the aggregated circuits. Under this option, the load reductions need not occur on each circuit as long as the customer can produce the required reductions based on the total load of all aggregated circuits. The lead customer should commit in the OBMC agreement that it has not, and will not, receive any payment from any customer on any OBMC circuit for any action related to the OBMC program.

Given that there was not sufficient information provided at the workshop to determine whether more than two circuits and up to 15 circuits would not pose administrative and tracking problems, the aggregation of circuits should be limited to two circuits at this time and should include the clarifications and suggestions for implementation by Wolfsen. We also accept PG&E's recommendation that an additional workshop should be held to address the designing of a more complex OBMC circuit aggregation program for the summer of 2002. Therefore, the respondent utilities should hold such a workshop to develop a uniform complex OBMC circuit aggregation program for Commission consideration and approval through a petition for modification of the OBMC program by March 1, 2002.

2. CIU & CLECA Petition

CIU and CLECA seek to clarify that the excess energy penalty calculation for purposes of the OBMC program compliance be uniform among the utilities. Currently SCE's tariff provides for 15-minute intervals while PG&E and SDG&E's tariffs provide for a one-hour interval. CIU and CLECA believe that a one-hour interval is reasonable and will improve a customer's ability to determine how much load it must reduce in order to comply with their obligations under the OBMC program.

CIU and CLEA also seek to incorporate PG&E's workshop suggestion that participating OBMC program customers be afforded some flexibility in determining the 10-day OBMC baseline measurement. For example, to allow each participating OBMC program customers to designate 10 days per year for exclusion from the baseline load measurement. CIU and CLEA believe that such flexibility will minimize the risk that days where there is no or low customer load will affect the OBMC program baseline to the extent that a customer cannot avoid incurring penalties during the following OBMC events.

The petition of CIU and CLEA addresses the same proposals brought forth by the joint petition of SCE, PG&E, and SDG&E. Because SCE, PG&E, and SDG&E address these issues in more detail and recommend specific changes to the OBMC program, these issues will be addressed in our discussion of the joint petition of SCE, PG&E, and SDG&E.

3. SCE, PG&E, and SDG&E Petition

Respondent utilities seek to modify the OBMC program to make the calculation of excess energy charges and determination of compliance for required OBMC load reductions a consistent standard among the respondent utilities. These parties also seek to provide OBMC program customers with some flexibility in determining the 10-day OBMC baseline measurement.

a. Excess Energy Charge Calculation

Respondent utilities explained that OBMC program participants are required to reduce load on the circuit from a baseline load level, as required by the utility whenever rotating outages occur in the utility's service territory. In return, the OBMC participant's circuit is exempt from rotating outages. Any failure to reduce load as required results in $6/kWh penalty for all excess energy consumed during the rotating outage. Furthermore, if the circuit load is not reduced to within 5% of the required amount on two occasions in any one year, the circuit will lose the rotating outage exemption and the OBMC participant will be prohibited from participating in an OBMC plan for five years.

The penalty is calculated differently among the utilities. PG&E and SDG&E have established tariffs that impose the $6/kWh excess energy charge for each hour during the rotating outage where the circuit's load exceeds the circuit's hourly load averaged over the same hour from the prior 10 days. In contrast, SCE's OBMC agreement imposes excess energy charges for each 15-minute interval during the rotating outage where the circuit's load exceeds the circuit's average load for the same 15-minute interval from the prior 10 similar days. Also, PG&E and SDG&E determine whether circuit load has been reduced to within 5% of the required amount, measured over the entire duration of the rotating outage while SCE makes this determination over each hour during the rotating outage.

The respondent utilities agree that SCE's approach provides less flexibility to OBMC participants to meet the required OBMC program load reduction. However, they acknowledge that it does provide more assurance that load reductions are provided evenly throughout the rotating outage. Irrespective of this assurance, the respondent utilities desire to make the OBMC program a viable choice for as many customers as possible and want to apply a consistent uniform standard among the three utilities. Therefore, the respondent utilities recommend that Section 2.4.7 of the OBMC program be revised as follows:

> "2.4.7 The failure to reduce load as required will result in penalties equal to $6/kWh for all excess energy, as measured during each hour of the rotating outage. If a participant fails to reduce circuit load to within 5% of the required amount, as measured during the entire duration of the rotating outage, on two occasions in any one-year the customer's participation in the program shall be terminated and the customer shall be prohibited from participating in an OBMC program for 5 years."

There is no opposition to the respondent utilities proposal to uniformly apply the calculation of excess energy charges and determination of compliance for required OBMC load reductions among the respondent utilities. We concur that the calculation should be uniformly applied. However, OBMC program assurance that load reductions are provided evenly throughout the rotating outage should not be compromised for added OBMC participant flexibility. Hence, we compromise for consistency and uniformity and will require the respondent utilities to measure excess energy during each half-hour of the rotating outage.

b. 10-Day Baseline Measurement

The respondent utilities also proposed to include flexibility in the determination of the 10-day baseline. This proposal was made in response to a number of customers' workshop recommendations and concerns that certain operating practices or unexpected events unfairly restrict their participation in the OBMC program. For example, a seasonal food processor "ramping-up" for harvest season or a manufacturer ramping-up following a plant shutdown would potentially experience difficulty in complying with required OBMC load reductions which might occur during the first several days following start-up. This compliance problem would occur because the 10-day baseline would be calculated based on days with significantly lower usage than normal load conditions at the time of the rotting outage event.

Hence, respondent utilities proposed several changes to the determination of the 10-day baseline. These changes include a provision for OBMC participants to request, in advance, a one-time per year 15-day exemption from use of the prior 10-day baseline. This proposed exemption would be for a 15 day designated period during which compliance would be measured against circuit load for the prior day, not the prior similar 10 days. To maintain equity, the respondent utilities recommend that OBMC participants opting to use this one-time per year exemption be required to specify a 15-day ramp-down period in which compliance and excess energy penalties would be measured against the prior day's circuit demands.

An additional flexibility proposal by the respondent utilities is to exclude unique customer-specific operating events from the OBMC 10-day baseline calculation. This would benefit an OBMC program participant that has planned outages or a schedule of operations that do not match the 5 business day-per-week norm which could otherwise significantly reduce the participant's 10-day baseline, making compliance with subsequent curtailment requests difficult. To alleviate this situation, the respondent utilities propose to allow OBMC participants up to exclude up to 10 days per calendar year from their calculated 10-day baseline provided the OBMC lead customer provides at least seven calendar days prior notice to the utility of the proposed day or days to be excluded from its baseline.

Finally, respondent utilities recommend that OBMC participants be allowed up to two after-the-fact exclusions from the 10-day baseline where unplanned outages or other events cause their circuit load to deviate substantially from otherwise unexpected conditions. Such exclusion would be permitted upon notice of no more than 5 calendar days after the unplanned outage or event and subject to review by the utility.

To incorporate the respondent utilities proposed flexibility into the OBMC program, they recommend that Section 2.4.3 of the OBMC program be revised as follows:

> "2.4.3 The baseline used to determine if the required load reduction has been obtained will be the average load of the immediate past 10 similar days during the period of the interruption. Similar days are either business days or weekend days and holidays. The 10 similar days will exclude days when the OBMC program operated and paid VDRP load reductions. An OBMC participant may exclude the

> following periods from the 10-day baseline: (a) a period of 15 calendar days designated in advance both for ramp-up and ramp-down of operations during which period the baseline will be the circuit load for the most recent prior similar day, not the average of the prior 10 similar days; (b) up to 10 days per calendar year as determined by the customer and designated in advance to accommodate conditions in the customer's operations that affect the 10-day baseline' and (c) up to two after-the-fact exclusions from the 10-day baseline where unplanned outages or other events cause the circuit load to deviate substantially from normal conditions. The customer shall provide at least 10 calendar days' prior notice to the utility when exercising option (a); at least 7 calendar days' prior notice when exercising option (b); and notice no later than 5 calendar days after the outage or event when exercising option (c)."

By its response to the respondent utilities petition, CSI recommends that the respondent utilities flexibility proposal be amended to insure that the 10 similar day's rolling average is fairly calculated for alternate workweek participants. This is because CSI interprets the OBMC program to require an alternate workweek customer to reduce load significantly more than the 15% maximum during OBMC events occurring during their operational days.

Although CSI acknowledges the benefit of the 10 free days proposed by the respondent utilities to offset unplanned and unexpected occurrences, it does not believe that these free days are sufficient for alternate workweek schedule participants. Hence, CSI recommends that OBMC participants be allowed to identify their specific workweek at the time the participant files its OBMC plan. CSI also recommends that a reduced operation day be defined as one that had at least 20% less demand compared to the average for the balance of the workweek. To accomplish this change, CSI recommends that Section 2.4.3 of the OBMC program be further revised to recognize the existence of alternate workweeks in determining similar days as follows.

> "Similar days shall be grouped as (1) weekends and holidays, (2) mid-week full operation days, and (3) mid-week scheduled reduced operation days. Scheduled reduced operation days, such as those resulting from alternate workweeks, shall be clearly defined in the Applicant's OBMC Plan. Reduced operation days shall be have a load of at least 20% less than the average load of the full operation days in a given week."

The CSI proposal may be beneficial for the alternate workweek schedule participants. However, it has not established that expanding the definition of business days to include mid-week full operation days and mid-week scheduled days is feasible for the utilities, or can be implemented expeditiously without the use of substantial resources and without adversely affecting the OBMC program this summer. Without this additional information, this CSI proposal is premature and should not be adopted for the summer of 2001. We invite CSI and the respondent utilities to revisit and discuss this issue at respondent utilities' workshop being ordered by this decision for Commission consideration of implementation for the summer of 2002.

Although the Wine Institute supports the respondent utilities recommended changes to the 10-day baseline measurement, it recommends that the word "similar" be deleted from the first part of the respondent utilities' subdivision (a) of Section 2.4.3. The Wine Institute believes that this change is necessary to ensure that the baseline calculation exemption period not be distinguished between weekdays and weekends for agricultural products food processors in full production mode. We concur and will adopt the Wine Institute's recommendation.

We now turn to the flexibility proposals of respondent utilities. The provision of allowing customers to exclude a minimum number of days is one sided because there is no provision for the high side. However, the down side variation is much more significant than the up side of energy usage in determining baseline and would make the baseline more accurate. We concur that customers should be allowed to exclude a number of days from the 10-day baseline and adopt this proposal.

The two after-the-fact exclusions from the 10-day baseline when unplanned outages or other events cause their circuit load to deviate substantially from otherwise unexpected conditions are reasonable and should be adopted. However, notice of any such exclusion for an unplanned event should be provided within one day after the unplanned event.

With the changes to the OBMC program being approved by this order the respondent utilities should file a report on the operation of the OBMC program through September 30, 2001. This report should be filed on December 1, 2001 and include for each customer / circuit: 15 minute load data for the entire day when each OBMC event occurred, baselines at the time of each event, excess energy charges for each event, use of ramping and day exclusions and load profiles for those days. Details on the aggregation of circuits and general operation information should also be provided, along with any other information respondent utilities believes is reasonably needed for an informed assessment of the OBMC program.

E. Comments on Draft Decision

Rule 77.7(f)(9) of the Commission's Rules of Practice and Procedure provides in relevant part that:

> " the Commission may reduce or waive the period for public review and comment under this rule…for a decision where the Commission determines, on the motion of a party or on its own motion, that public necessity requires reduction or waiver of the 30-day period for public review and comment. For purposes of this subsection, "public necessity" refers to circumstances in which the public interest in the Commission adopting a decision before expiration of the 30-day review and comment period clearly outweighs the public interest in having the full 30-day period for review and comment. "Public necessity" includes, without limitation, circumstances where failure to adopt a decision before expiration of the 30-day review and comment period…would cause significant harm to public health or welfare. When acting pursuant to this section, the Commission will provide such reduced period for public review and comment as is consistent with the public necessity requiring reduction or waiver."

We balance the public interest in quickly addressing modifications to the OBMC program due to the severe electric shortage and expectations of rolling outages this summer against the public interest in having the full 30-day comment cycle on the proposed modifications. We conclude that the former outweighs the latter. We must respond quickly in order to provide some certainty in the upcoming months, and find that a waiver of the public review and comment period balances the need for input with the need for timely action before Summer 2001.

Findings of Fact

1. A workshop was held to provide an efficient vehicle for parties to explore and develop limited modifications within the current interruptible program framework to existing interruptible and OBMC programs.

2. The OBMC is an alternative to rotating outages designed to achieve the same load reductions, at times of system emergencies, as rotating outages.

3. Wolfsen filed a petition to intervene in this proceeding.

4. Petitions seeking limited modifications to the interruptible and OBMC programs were filed by Wolfsen, CIU & CLECA, and jointly by SCE, PG&E, and SDG&E.

5. SCE and PG&E filed separate responses to the petition of Wolfsen.

6. The California Steel Industries, Inc. filed a response to the joint petition of SCE, PG&E, and SDG&E.

7. The petitions before us are similar in that each petition seeks limited modifications to the interruptible and OBMC programs.

8. Wolfsen seeks to modify the OBMC program to expressly allow electric utility customers the opportunity to participate in the OBMC program by aggregating the load on more than one circuit serving the customer if the customer is able to provide the OBMC program's required 15% demand reduction for the total demand on the aggregated circuits.

9. Allowing individual customers whose facilities are served by more than one circuit to aggregate the load of such circuits for purposes of the OBMC program will help provide the maximum of critically needed reductions in electric demand during the coming summer.

10. PG&E recommends that an additional workshop be held to address the designing of a more complex OBMC circuit aggregation program for the summer of 2002.

11. CIU and CLECA seek to modify the OBMC program's excess penalty calculation and the 10-day baseline calculation used to establish load reductions.

12. Respondent utilities seek to modify the OBMC program to make the calculation of excess energy charges and determination of compliance for

required OBMC load reductions a uniform standard among the respondent utilities.

13. Respondent utilities also seek to provide OBMC program customers with flexibility in determining the 10-day OBMC baseline measurement.

14. CSI seeks to revise the OBMC program to recognize the existence of alternate workweeks.

Conclusions of Law

1. The OBMC program summarized in Appendix A of D.01-04-006 should be updated to incorporate additional OBMC program changes being adopted by this order.

2. Wolfsen should be authorized to intervene in this proceeding.

3. The OBMC program should include the option of allowing individual customers whose facilities are served by more than one circuit to aggregate the load of such circuits for purposes of the OBMC program, subject to reasonable limits.

4. Respondent utilities should hold a workshop for the purpose of developing and recommending a complex OBMC circuit aggregation program.

5. The calculation of excess energy charges and determination of compliance for required OBMC load reductions should be applied on a uniform standard among the respondent utilities.

6. The calculation of excess energy charges and determination of compliance for required OBMC load reductions should be applied on a uniform standard among the respondent utilities.

7. The petitions of Wolfsen, CIU & CLECA, and joint petition of SCE, PG&E, and SDG&E should be approved to the extent provided for in the following order.

8. The period for public review and comment on the draft decision should be waived, pursuant to Rule 77.7(f)(9), as we balance the need to act quickly to modify the interruptible and OBMC programs in advance of this summer against the public interest in having a public review and comment period.

9. Because of the public interest in avoiding rotating outages in the summer of 2001, the following order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. Wolfsen, Inc. (Wolfsen) is authorized to intervene and become a party in this proceeding for the limited purpose of filing a petition to modify the OBMC program.

2. The Optional Binding Mandatory Curtailment (OBMC) program criteria set forth in Attachment A of Decision (D.) 01-05-090 shall be modified so that an individual customer that aggregates more than one circuit may participate in the OBMC program. Section 2.4.6 of the OBMC program shall be revised as follows, and as detailed in Attachment A to this order.

> "2.4.6 UDCs are required to facilitate circuit aggregation when requested by customer. In addition, UDCs shall allow individual customers whose facilities are served by more than one circuit to aggregate the load of two such circuits for purposes of the OBMC program, subject to the following limitations.
>
> 2.4.6.1 The lead customer shall commit in the OBMC agreement that it has not, and will not, receive any payment from any customer on any OBMC circuit for any action related to the OBMC program
>
> 2.4.6.2 A single customer (with a single tax identification number) must be the lead customer for purposes of the OBMC program for all circuits involved in the circuit aggregation.

> 2.4.6.3 Participants must have the ability to provide the necessary load reduction in each local geographic area covered by the aggregation."

3. Respondent utilities Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E) shall hold a workshop to develop a more complex OBMC circuit aggregation program for Commission consideration through a petition for modification of the OBMC program by March 1, 2002.

4. The OBMC program criteria set forth in Attachment A of D.01-05-090 shall be revised to ensure that the calculation of excess energy charges and determination of compliance for required OBMC load reductions is applied on a consistent standard among respondent utilities. Accordingly, Section 2.4.7 of the OBMC program shall be revised as follows, and as detailed in Attachment A to this order.

> "2.4.7 The failure to reduce load as required will result in penalties equal to $6/kWh for all excess energy, as measured during each half-hour of the rotating outage. If a participant fails to reduce circuit load to within 5% of the required amount, as measured during the entire duration of the rotating outage, on two occasions in any one-year the customer's participation in the program shall be terminated and the customer shall be prohibited from participating in an OBMC program for 5 years."

5. Respondent utilities shall file advice letters to revise their respective tariffs to incorporate the OBMC program changes authorized herein within five days after the effective date of this order. The tariffs shall go into effect within 5 days of filing unless suspended by the Energy Division Director. If the Energy Division Director suspends any tariffs, such tariffs shall become effective upon the date the Energy Division Director confirms that the tariffs are in compliance.

6. Respondent utilities shall file a report by December 1, 2001 on the operation of the OBMC program through September 30, 2001. This report shall include for each OBMC customer/circuit: 15 minute load data for the entire day when each OBMC event occurred, baselines at the time of each event, excess energy charges for each event, use of ramping and day exclusions and load profiles for those days. The report shall also include details on the aggregation of circuits; and general operation information along with any other information respondent utilities believes is reasonably needed for an informed assessment of the OBMC program.

7. The OBMC program criteria set forth in Attachment A of D.01-05-090 shall be revised to provide flexibility in the measurement of the 10-day baseline. Accordingly, Section 2.4.3 of the OBMC program shall be revised as follows, and as detailed in Attachment A to this order.

> "2.4.3 The baseline used to determine if the required load reduction has been obtained will be the average load of the immediate past 10 similar days during the period of the interruption. Similar days are either business days or weekend days and holidays. The 10 similar days will exclude days when the OBMC program operated and paid VDRP load reductions. An OBMC participant may exclude the following periods from the 10-day baseline: (a) a period of 15 calendar days designated in advance both for ramp-up and ramp-down of operations during which period the baseline will be the circuit load for the most recent prior day, not the average of the prior 10 similar days; (b) up to 10 days per calendar year as determined by the customer and designated in advance to accommodate conditions in the customer's operations that affect the 10-day baseline and (c) up to two exclusions from the 10-day baseline where unplanned outages or other events cause the circuit load to deviate substantially from normal conditions. The customer shall provide at least 10 calendar days' prior notice to the utility when exercising option (a); at

> least 7 calendar days' prior notice when exercising option (b); and notice within one calendar day after the outage or event when exercising option (c)."

8. Rulemaking 00-10-002 shall remain open to address the second phase of this rulemaking proceeding which includes the consideration of interruptible programs and curtailment priorities for the summer of 2002, and any other issue or issues identified by the Commission, Assigned Commissioner and Presiding Officer, or Administrative Law Judge.

This order is effective today.

Dated June 28, 2001, at San Francisco, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS
CARL W. WOOD
GEOFFREY F. BROWN
Commissioners

ATTACHMENT A

ATTACHMENT A
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CHANGES TO CURRENT INTERRUPTIBLE PROGRAMS,
NEW INTERRUPTIBLE PROGRAMS,
AND ROTATING OUTAGE PROGRAMS
June 28, 2001
R.00-10-002

2.4 Optional Binding Mandatory Curtailment Program

Elements of Optional Binding Mandatory Curtailment (OBMC) Program, which is an alternative to rotating outages, designed to achieve the same load reductions, at times of emergencies, as rotating outages.

2.4.1 The OBMC program exempts participants from rotating outages if they can reduce the load on their entire circuit by the required amount for the entire duration of every rotating outage.

2.4.2 The OBMC program operates only when firm load reductions are required (i.e., concurrent with rotating outages) by the customer's electric distribution utility.

2.4.3 The baseline used to determine if the required load reduction has been obtained will be the average load of the immediate past 10 similar days during the period of the interruption. Similar days are either business days or weekend days and holidays. The 10 similar days will exclude days when the OBMC program operated and paid VDRP load reductions. An OBMC participant may exclude the following periods from the 10-day baseline: (a) a period of 15 calendar days designated in advance both for ramp-up and ramp-down of operations during which period the baseline will be the circuit load for the most recent prior day, not the average of the prior 10 similar days; (b) up to 10 days per calendar year as determined by the customer and designated in advance to accommodate conditions in the customer's operations that affect the 10-day baseline' and (c) up to two exclusions from the 10-day baseline where unplanned outages or other events cause the circuit load to deviate substantially from normal conditions. The customer shall provide at least 10 calendar days' prior notice to the utility when exercising option (a); at least 7 calendar days' prior notice when exercising option (b); and notice within one calendar day after the outage or event when exercising option (c)."

2.4.4 Load reductions will be requested in increments of 5%.

2.4.5 Participants must have the ability to reduce circuit load by 15%. The baseline used to determine if the 15% reduction can be met is the prior years, same month, average peak period usage, adjusted for major changes in facilities. However, the customer must be able to produce at least a 10% load reduction based on the criteria in 2.4.3.

2.4.6 UDCs are required to facilitate circuit aggregation when requested by customer. In addition, UDCs shall allow individual customers whose facilities are served by more than one circuit to aggregate the load of two such circuits for purposes of the OBMC program, subject to the following limitations:

2.4.6.1 The lead customer shall commit in the OBMC agreement that it has not, and will not, receive any payment from any customer on any OBMC circuit for any action related to the OBMC program.

2.4.6.2 A single customer (with a single tax identification number) must be the lead customer for purposes of the OBMC program for all circuits involved in the circuit aggregation.

2.4.6.3 Participants must have the ability to provide the necessary load reduction in each local geographic area covered by the aggregation."

2.4.7 The failure to reduce load as required will result in penalties equal to $6/kWh for all excess energy, as measured during each half-hour of the rotating outage. If a participant fails to reduce circuit load to within 5% of the required amount, as measured during the entire duration of the rotating outage, on two occasions in any one-year the customer's participation in the program shall be terminated and the customer shall be prohibited from participating in an OBMC program for 5 years.

2.4.8 Program participants shall pay the cost of any equipment required to participate in the program.

2.4.9 OBMC participants who are the only customers on their circuit may participate in a utility operated capacity interruptible program as long as that program requires the reduction of load to a pre-established firm service level (FSL).

2.4.9.1 Acceptable interruptible programs include but are not limited to the BIP, SCE's I-6, PG&E's E-20 non-firm, and SDG&E's AV-1 and AV-2.

2.4.9.2 If a customer participates in both a capacity interruptible program and the OBMC program, the required OBMC reduction shall be applied to the lower of the 10-day baseline or the customer's FSL. For example, a customer with a FSL of 8 MW and a 10-day baseline of 10 MW that is called for a 10% OBMC reduction would be required to reduce load to 7.2 MW.

2.4.9.3 Only load reductions below the lower of the customer's interruptible FSL and the 10-day baseline are counted toward compliance with the OBMC.

2.4.9.4 When a participant in a capacity interruptible program has completed its annual obligations under that program, the load reduction requirements in 2.4.9.2 and 2.4.9.3 will no longer apply.

2.4.10 OBMC participants may participate in the VDRP program, but shall not be paid for any load reductions occurring during an OBMC call.

2.4.11 OBMC participants shall not participate in the ISO's DRP or in a utility program that aggregates load for the ISO's DRP.

(END OF ATTACHMENT A)